

Message Text

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72

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 L-03 CAB-09 CIAE-00 COME-00

DODE-00 DOTE-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-20

NSC-07 OMB-01 TRSE-00 DRC-01 /080 W

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P 242135Z MAY 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 6639

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E.O. 11652: N/A

TAGS: ETRN, AR

SUBJ: CIVAIR BILATERAL RELATIONS

REF: BA-3731

1. COUNTER PROPOSAL MADE MAY 20 BY GOA ATTEMPTS TO ESTABLISH ARRANGEMENTS FOR IMMEDIATE FUTURE WHICH WOULD BEST FIT AEROLINEAS' OPERATING PLANS WITHOUT MORE THAN NOMINAL CONCESSION TO US CARRIERS. IN SUGGESTING AEROLINEAS BE AUTHORIZED 18 FLIGHTS OVER PRESENT ROUTES, PROPOSAL WOULD ALLOW FOR AEROLINEAS TO INCREASE FREQUENCIES BY 3 FLIGHTS WEEKLY, ON TWO OF WHICH, BECAUSE THEY WERE TO BE FLOWN VIA WEST COAST/SOUTH AMERICA, AEROLINEAS WOULD INCREASE USE OF CO-TERMINAL RIGHTS MIAMI/NY GIVEN IN 1973. INSTEAD OF USING BOEING 707 FOR 17TH AND 18TH FREQUENCIES, WE UNDERSTAND AEROLINEAS WISHES TO PUT ON A 747 FLIGHT DIRECT TO NEW YORK SO THAT IT WOULD HAVE 16 REGULAR FLIGHTS AND ONE WIDE-BODY FLIGHT.

2. THE PROPOSAL WOULD CALL FOR PAN AM, IF IT WERE TO USE WIDE-BODY AIRCRAFT, TO FLY ONLY 7 REGULAR FLIGHTS WITH BOEING 707 AND ONE WITH WIDE-BODY. MOREOVER, GOA PROPOSAL COULD COMPLICATE ARRANGEMENTS BETWEEN THE US AIRLINES AND WITH THE USG BECAUSE ANY INAUGURATION OF TWO WIDE-BODY FLIGHTS BY PANAM WOULD MEAN THAT BRANIFF COULD NOT HAVE SUCH A FLIGHT, OR, CONVERSELY, IF

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BRANIFF WERE TO GIVE UP TWO REGULAR FLIGHTS IN FAVOR OF USING

A BOEING 747, PANAM COULD NOT HAVE MORE THAN ONE WIDE-BODY FLIGHT.

3. KEY ELEMENT IN IMMEDIATE AEROLINEAS ASPIRATIONS APPEARS TO BE INCREASED USE OF CO-TERMINAL FACILITIES WHICH NOW, DIFFERENTLY THAN IN LATE 1972, IS RECOGNIZED AS COMMERCIALY VALUABLE. WE ARE NOT CONVINCED THAT AEROLINEAS WILL CONTINUE TO GIVE AS HIGH A PRIORITY TO INITIATION OF WIDE-BODY SERVICE AS RECENT GOA DOCUMENTS HAVE INDICATED. WE UNDERSTAND DNTAC HAS HAD NO LUCK WITH BRAZILIANS IN ATTEMPTS TO SECURE RIGHTS USE WIDE-BODY AIRCRAFT THROUGH RIO. APPARENTLY, VARIG HAS NO INTENTION EXTENDING WIDE-BODY SERVICE FROM US AND EUROPE THROUGH RIO TO BUENOS AIRES AND IS UNWILLING TO GIVE ARGENTINES RIGHT TO USE WIDE-BODY AIRCRAFT ON RIO/BA LEG. WE ARE SEEKING INFORMATION LOCALLY ON STATUS AEROLINEAS POSSIBLE ARRANGEMENTS WITH EUROPEANS FOR USE WIDE-BODY AIRCRAFT. WE BELIEVE AEROLINEAS NOW HAS SOME TYPE OF OPTION ON BOEING 747'S THROUGH BOEING AIRCRAFT COMPANY BUT WITH PROVISION FOR NON-EXERCISE OF OPTION IF RIGHTS TO USE SUCH AIRCRAFT NOT SECURED FROM OTHER GOVERNMENTS. DESPITE THE ABOVE, WE REALIZE THAT INITIATION OF WIDE-BODY SERVICE BY VARIG, EVEN THOUGH IT WILL NOT APPEAR IN BUENOS AIRES, WILL CONTINUE TO GENERATE PRESSURES WITHIN AEROLINEAS FOR AN ATTEMPT TO MATCH ACCOMPLISHMENTS OF THE BRAZILIANS.

4. IN CURRENT CIRCUMSTANCES, WE BELIEVE THAT IN FORMULATING FURTHER PROPOSALS OR SUGGESTIONS, USG WILL NEED TO KEEP IN MIND THAT ANY REDUCTION OF AEROLINEAS' RIGHTS, AS PRESENTLY EXERCISED ONCE PER WEEK, TO USE THE MIAMI/NY CO-TERMINAL MAY TRIGGER SOME TYPE OF RETALIATION BY DNTAC. ADMITTEDLY, THIS IS A VALUE JUDGEMENT, NOT BASED UPON A REVEALED OR PRECISELY KNOWN GOA POSITION, BUT RATHER UPON AN ASSESSMENT OF THE INTENSITY WITH WHICH DNTAC AND AEROLINEAS HAVE SOUGHT CO-TERMINAL USE AND INDIRECT INFORMATION CONCERNING HOW AEROLINEAS IS BENEFITTING ALL ALONG ITS WEST COAST ROUTE FROM THE AVAILABILITY OF THE CO-TERMINAL FACILITY.

5. GIVEN THIS SITUATION, EMBASSY HOPES IN DEVELOPING NEW USG PROPOSALS THERE COULD BE A TESTING OF GOA POSITION ON THIS POINT. IT MIGHT PROVE WORTHWHILE IF NEW PROPOSALS CONTAINED ALTERNATIVES FOR GOA/AEROLINEAS. ONE MIGHT BE, IN EXCHANGE FOR LIMITED OFFICIAL USE

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19 FREQUENCIES DESIRED BY US AIRLINES, A SPECIFIC APPROVAL OF 16 FREQUENCIES FOR AEROLINEAS ALONG PRESENT ROUTES AND INCLUDING INCREASED USE OF PRESENTLY AUTHORIZED CO-TERMINAL FACILITIES (THIS IS IN ESSENCE A REPETITION OF THE OFFER MADE MAY 9). ANOTHER MIGHT BE AN OFFER TO APPROVE UNLIMITED AEROLINEAS FLIGHTS IN REGULAR BOEING/DC-9 AIRCRAFT ALONG APPROVED ROUTES BUT WITHDRAWAL OF ALL CO-TERMINAL FACILITIES. STILL ANOTHER MIGHT BE TO EXCHANGE TWO EXTRA FREQUENCIES OF AEROLINEAS FOR 2 ADDITIONAL

FREQUENCIES BY US AIRLINES. BY PRESENTING A SET OF ALTERNATIVES, WE WOULD SEEM TO BE HINTING AT A POSSIBLE WITHDRAWAL OF CO-TERMINAL FACILITIES WITHOUT ACTUALLY DOING SO OR THREATENING TO DO SO. IN ALL OF THESE SUGGESTED PROPOSALS, IT WOULD BE ADVISABLE TO MAKE CLEAR THAT THEY ARE FOR THE SHORT TERM, PENDING A RESUMPTION OF FORMAL NEGOTIATIONS. THE US RESPONSE, WE BELIEVE, SHOULD MAKE SPECIFIC REFERENCE TO FUTURE NEGOTIATIONS IN LANGUAGE AS FORTHCOMING AS POSSIBLE TO THE OBVIOUS ARGENTINE DESIRE TO RENEW THEM.

6. AS STATED IN REFTTEL, EMBASSY INFORMED FOREIGN MINISTRY THAT USG EXPECTS TO COME FORWARD WITH NEW PROPOSAL OR SUGGESTIONS WITHIN REASONABLE PERIOD. EMBASSY SUGGESTS THAT THIS REASONABLE PERIOD SHOULD EXTEND ONLY TO ABOUT JUNE 3 OR 5 IN ORDER TO AVOID ACCUSATIONS FROM ARGENTINE SIDE THAT US IS DRAGGING ITS FEET.
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